

**PUBLIC AND INDIAN HOUSING
PUBLIC HOUSING OPERATING FUND
2011 Summary Statement and Initiatives
(Dollars in Thousands)**

PUBLIC HOUSING OPERATING FUND	<u>Enacted/ Request</u>	<u>Carryover</u>	<u>Supplemental/ Rescission</u>	<u>Total Resources</u>	<u>Obligations</u>	<u>Outlays</u>
2009 Appropriation	\$4,455,000	...	...	\$4,455,000	\$4,451,493	\$4,448,965
2010 Appropriation/Request	4,775,000	...	...	4,775,000 ^a	4,760,000	4,574,000
2011 Request	<u>4,829,000</u>	<u>...</u>	<u>...</u>	<u>4,829,000^b</u>	<u>4,780,710</u>	<u>4,775,000</u>
Program Improvements/Offsets	+54,000	...	...	+54,000	+20,710	+201,000

a/ Includes \$15 million that may be transferred to the Department's Transformation Initiative.

b/ Includes \$48.29 million that may be transferred to the Department's Transformation Initiative.

Summary Statement

The Public Housing Operating Fund supports the Department's mission to promote safe, decent, affordable housing. The Operating Fund provides operating subsidy payments to over 3,100 Public Housing Authorities (PHAs) who serve 1.1 million households. The fiscal year 2011 Budget request preserves public housing by: 1) fully funding public housing's estimated need for operating subsidy; 2) completing public housing's conversion to an asset management model; and 3) exploring new ideas under the Department's Transformation Initiative.

- For fiscal year 2011, the Department requests \$4.8 billion, which will fully fund the Public Housing Operating Fund. The fiscal year 2011 request includes a \$99 million adjustment for the cost of added federalized units that will be eligible for subsidy in fiscal year 2011. Full funding is essential to the proper operation of public housing and the provision of quality housing services to residents. Full funding also alleviates the need for PHAs to use the Capital Fund for operating expenses, resulting in more effective use of Capital Fund resources.
- In fiscal year 2011, in accordance with 24 CFR 990, PHAs will complete the conversion to asset management.
- Consistent with the Department's Transformation Initiatives, approximately 280,000 public housing units will be converted to property-based rental assistance. In addition to moving all rental assistance programs under one subsidy system, the conversion of public housing to Section 8 will allow PHAs to address backlog and accrual needs not possible under current funding levels for the Public Housing Capital Fund.

Public Housing Operating Fund

American Recovery and Reinvestment Act (The Recovery Act)

The Public Housing Capital Fund received \$4 billion in Recovery Act funding to rehabilitate and retrofit public housing units. PHAs are using these funds to increase energy efficiency, improve vacant units, make critical safety repairs and improve the overall state of the nation's public housing stock. A total of \$2.98 billion has already been awarded by formula to 3,134 PHAs to enable them to address their backlog of rehabilitation needs. Another \$995 million in competitive grants has also been awarded to PHAs. The Department's fiscal year 2011 Operating Fund request provides full funding to ensure PHAs have the resources necessary to operate and maintain public housing, while completing the transition to asset management. When underfunded, PHAs transfer approximately 10 percent from their Capital Fund to the Operating Fund in order to fund on-going agency operations. By fully funding the Operating Fund, the Department eliminates the need for these transfers and increases the Capital Fund resources available to address capital needs.

High Priority Performance Goal: Rental Assistance

The Department is pursuing a goal to increase affordable rental assistance by 207,000 units to a projected total of 5.46 million families. Public Housing will be a contributor to this effort. The strategies will include continued implementation of asset management to incentivize PHAs to make vacant units available for occupancy and this effort will be assisted through the capital funds provided through the Recovery Act.

Only about one in four families that are eligible for HUD rental assistance programs receives assistance. The number of families struggling to make ends meet in the face of severe rent burdens has increased substantially during this decade. One of HUD's critical strategic goals is to catalyze affordable rental housing and to restore the Federal leadership on affordable housing issues.

High Priority Performance Goal: Energy and Green Retrofits

The Department is collaborating with the Department of Energy (DOE) to support weatherizing one million homes per year by enabling the cost effective energy retrofits of a total of 1.1 million homes in fiscal year 2010 and fiscal year 2011. Of this number, HUD will complete cost effective energy retrofits of an estimated 126,000 HUD-assisted and public housing units. Apart from our joint energy retrofit goal with DOE, HUD will complete green and healthy retrofits of 33,000 housing units.

The largest number of retrofits will be in the Public Housing inventory followed by the Multifamily Inventory as well as significant contributions through the HOME Investment Partnerships Program (HOME) and the Office of Healthy Homes and Lead Hazard Control (Healthy Homes). Following is a broader discussion of energy conservation activities through Public Housing initiatives.

Public Housing Initiatives

There are approximately 7,300 public housing projects, representing 1.1 million units. These projects provide an important national resource to needy families. Full funding of the Operating Fund Program is essential to allow PHAs to provide basic management and maintenance services to residents, complementing the following management initiatives:

- *Full Implementation of Asset Management:* Beginning in 2007, the Department has fundamentally changed how public housing is evaluated, monitored and funded. Under asset management, PHAs now receive funding on a project-by-project basis. They are also required to provide annual project-level financial reports and management services according to the needs of each project. In 2011, both the Department and PHAs will complete the transition to asset management.

Public Housing Operating Fund

- *Conversion to Property-Based Rental Assistance [Under Section 8(o) (13)]*: Beginning in fiscal year 2011, the Department proposes to initiate phase one of a multi-year effort called the Transforming Rental Assistance (TRA) initiative. An estimated 280,000 public housing units will convert to project-based assistance. The Administration will transmit proposed legislation to amend the project-based voucher program under section 8(o) (13) of the U.S. Housing Act and authorize the long-term property-based rental assistance contracts (with a resident mobility feature) that would be funded by the Budget request. This conversion will begin the process of moving all rental assistance programs under one platform, greatly simplifying program administration. Additionally, by converting to project-based assistance, PHAs will be able to access private capital to finance capital needs at levels not possible under current public housing program rules and funding systems. The Budget includes \$350 million for this initial conversion effort, which is estimated to leverage \$7.5 billion in private debt to address current public housing capital needs. The project-based approach to funding is consistent with asset management principles, providing access to capital markets to finance the backlog of needs, improving housing conditions for tenants, increasing opportunities for income mixing, and introducing greater market discipline among the private entities that own or manage the converted properties. Because of necessary processing steps, the actual outlay impact in fiscal year 2011 from converting 280,000 units of public housing to Section 8 assistance will be minimal.

Converting public housing to project-based Section 8 also works towards another of the long-term goals of the Department: deregulation of PHAs. Many PHAs, in particular small PHAs (<250 units), historically have problems with meeting and understanding overly prescriptive regulatory requirements. Relating to core compliance monitoring, HUD's level of effort for small PHAs is grossly disproportionate to the level of risk, total units involved, and subsidy dollar volume. The very nature of conversion essentially 'deregulates' PHAs, who will now be subject to the same rules observed by non-profits and other owners in HUD's assisted housing programs.

In the first year, HUD will prioritize for conversion: (1) public housing that is owned by agencies that do not operate HCV programs or (2) multifamily projects that are owned by PHAs. Shortly the Administration will transmit to the Congress proposed legislation to amend the Project-Based Section 8 program rules, where applicable.

- *Energy Conservation*: As PHAs transition to asset management, or convert to project-based Section 8, the Department will continue to make energy efficiency a high priority. Previously, the Department received prestigious awards for its efforts in energy efficiency, including; an Energy Star Special Recognition Award, The Galaxy Star of Energy Efficiency Award from the Alliance to Save Energy and a nomination for the Presidential Award for Leadership in Federal Energy Management.

The Recovery Act of 2009 included a \$995 million Capital Fund Recovery Act Competition Grant. A component of the competition grant is 'Creation of Energy Efficiency Green Communities' with funding availability in the amount of \$600 million. The competition grant is to facilitate transformational energy efficiency and 'green' retrofits to substantively increase energy efficiency and environmental performance of public housing properties and thereby reduce energy costs, generate resident and PHA energy savings, and reduce Green House Gas emissions attributable to energy consumption. The Department obligated the funds by September 30, 2009. PHAs now have 1 year to obligate the award and 3 years to expend.

Additionally, the Department is exploring opportunities for improving energy efficiency in small PHAs. Small PHAs are challenged by the need to tackle higher energy costs and a backlog of aging energy infrastructure without the resources available to larger PHAs. Leveraging, using third party financing of energy projects, remains the most viable opportunity under current Capital Funding levels for improved energy efficiency in PHAs. As a community, however, small PHAs have been underserved by the energy industry and HUD's utility incentives, specifically related to energy performance contracting

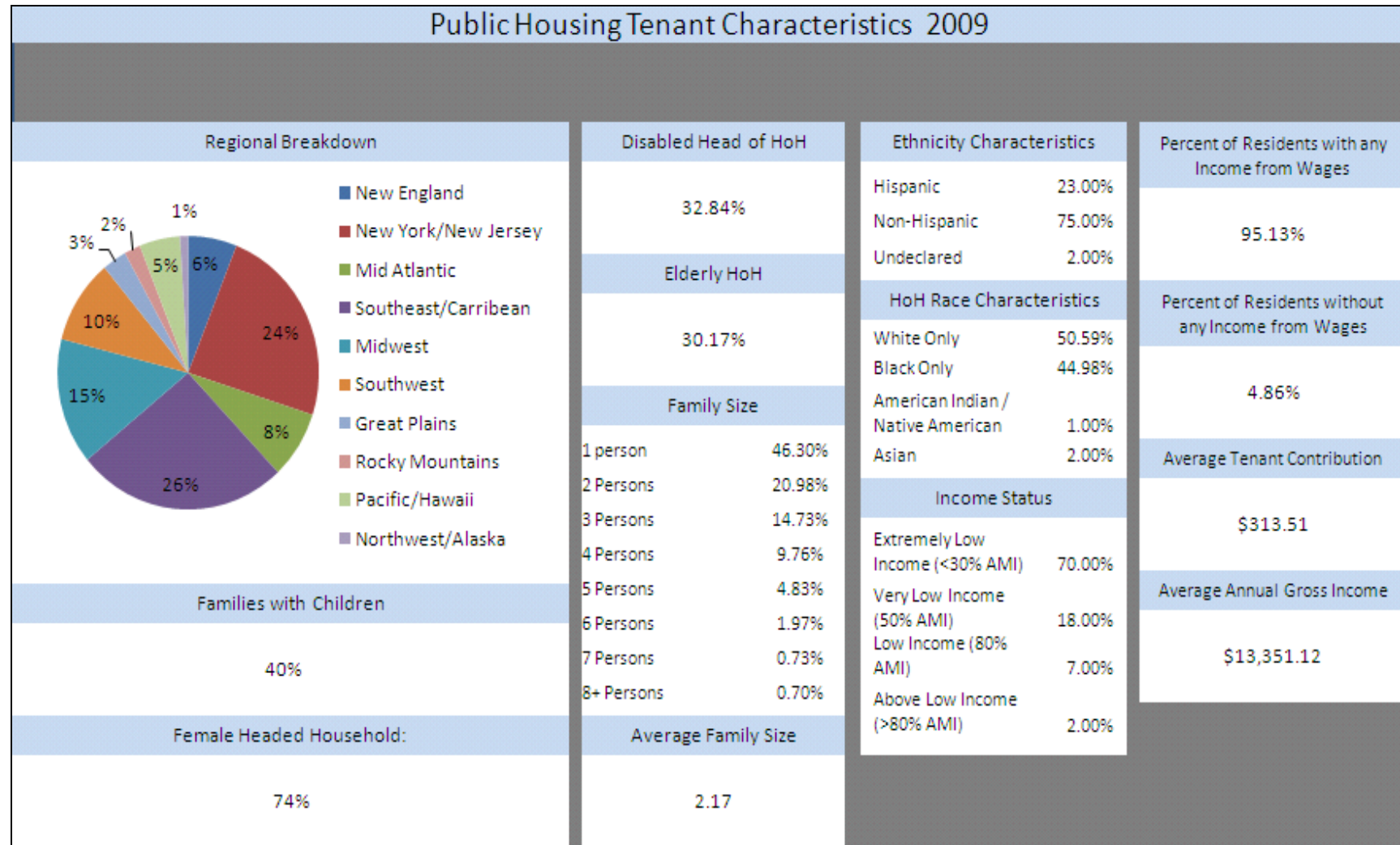
Public Housing Operating Fund

(EPC) since its inception. As of 2008, only 17 PHAs under 250 units have participated in an EPC at an average project cost of approximately \$800,000. Of the 3,100 PHAs in HUD's low-rent public housing inventory, 2,300 are small PHAs under 250 units.

The Department is committed to streamlining the EPC process, enabling small PHAs to self-develop energy projects, creating local energy and green jobs. The Department is exploring scalable approaches to select EPC projects without jeopardizing project integrity or savings. The scalable approaches under deliberation consider: adaptation of the best energy improvements for small PHAs; selection of building types; and, simplification of the PHA submission and Field Office approval process for use of HUD's incentives. The Department's EPC streamlining initiative will expand the opportunity to address basic energy and utility system replacement needs with minimum risk, improve the quality of life for the residents, and demonstrate PIH's continuing conservation commitment to reduce utility consumption and carbon emissions.

Finally, as part of the conversion to project-based Section 8, PHAs will be required to complete a "green" physical needs assessment. Significant investments in energy conservation measures are anticipated as public housing projects are recapitalized under project-based Section 8.

Public Housing Operating Fund



Source: 2009 Public and Indian Housing Information Center (PIC) data

HOH is Head of Household

AMI is Area Median Income

Wages from non-elderly non-disabled households

Public Housing Operating Fund

**PUBLIC AND INDIAN HOUSING
PUBLIC HOUSING OPERATING FUND
Summary of Resources by Program
(Dollars in Thousands)**

<u>Budget Activity</u>	<u>2009 Budget Authority</u>	<u>2008 Carryover Into 2009</u>	<u>2009 Total Resources</u>	<u>2009 obligations</u>	<u>2010 Budget Authority/ Request</u>	<u>2009 Carryover Into 2010</u>	<u>2010 Total Resources</u>	<u>2011 Request</u>
Operating Subsidy	\$4,449,060	...	\$4,449,060	\$4,449,259	\$4,760,000	...	\$4,760,000	\$4,780,710
Transformation Initiative .....	...	...	...	...	15,000	...	15,000	48,290
Transition to Asset Management	<u>5,940</u>	<u>...</u>	<u>5,940</u>	<u>2,704</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>
Total	4,455,000	...	4,455,000	4,451,963	4,775,000	...	4,775,000	4,829,000
<u>FTE</u>	<u>2009 Actual</u>	<u>2010 Estimate</u>	<u>2011 Estimate</u>					
Headquarters	190	197	194					
Field	<u>342</u>	<u>367</u>	<u>334</u>					
Total	532	564	528					

**PUBLIC AND INDIAN HOUSING
PUBLIC HOUSING OPERATING FUND
Program Offsets
(Dollars in Thousands)**

Operating Subsidy	<u>Amount</u>
2009 Appropriation	\$4,449,060
2010 Appropriation/Request	4,760,000
2011 Request	<u>4,780,710</u>
Program Improvements/Offsets	+20,710

Proposed Actions

HUD respectfully requests \$4.8 billion in operating subsidy for fiscal year 2011. This Budget would fully fund the Operating Fund for only the second time since 2002. Operating subsidies are provided to PHAs to assist in funding the operating and maintenance expenses of PHAs. Prior to fiscal year 2010, funding levels have been short of eligibility, greatly affecting service levels. Fully funding the Operating Fund for the fiscal year 2011 Budget eliminates the trend of PHAs 'flexing' money from their capital funds to cover operating expenses. The practice of flexing funds limited a PHA's ability to properly address their capital needs, which affects the long-term viability of the project. Fully funding the Operating Fund permits a PHA to use all Capital Funds towards their accrual needs and provide a down payment towards their identified backlog.

This request includes a \$99 million adjustment to the operating subsidy accounts for the federalization of nearly 18,000 units that will be added to the public housing portfolio with assistance from the American Recovery and Reinvestment Act (Recovery Act). The Recovery Act provided additional Capital funding and authorized Public Housing Authorities (PHAs) to develop units above the Faircloth limit without regard to any "restrictions of funding" thereto. The lifting of "restrictions of funding to replacement housing uses" applies not only to the mandatory bar against Operating and Capital Fund inclusion for units over Faircloth in section 9(g)(3)(B), but also to the Secretary's discretion in section 9(g)(3)(C) when Recovery Act funds are used for mixed-finance development.

The Recovery Act imposes a March 17, 2010 obligation deadline; any PHA considering federalization of units must have contracts in place by that date. In addition to meeting the obligation deadline, to 'federalize' a unit, the unit must comply with 24 CFR Part 941. If the obligation deadline is met and in compliance with §941 the units become eligible for operating subsidy. With the deadlines imposed in the Recovery Act, all units will be eligible for operating subsidy in fiscal year 2011.

The Department believes that federalizing the approximate 18,000 units via The Recovery Act not only provides an extraordinary opportunity for housing authorities to preserve their public housing stock but also expands the number of affordable housing options available for low-income families.

Moving-to-Work (MTW)

Section 204(a) of the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (P. L. 104-134, hereinafter “MTW Statute”) provides that an agency participating in the MTW demonstration program may combine public housing operating and capital funds provided under Section 9 of the U.S. Housing Act of 1937 (the “1937 Act”) and voucher program funds provided under Section 8 of the 1937 Act “to provide housing assistance for low-income families, as defined in section 3(b)(2) of the 1937 Act, and services to facilitate the transition to work on such terms and conditions as the agency may propose and the Secretary may approve.”

The MTW language above is intended to allow for the use of appropriated funds beyond Sections 8 and 9 of the United States Housing Act of 1937, provided the agency in the MTW demonstration program uses its combined funds to provide housing assistance for low-income families, as defined in section 3(b)(2) of the 1937 Act, and services to facilitate the transition to work, whether or not any such use is authorized by Sections 8 or 9 of the 1937 Act, and provided such uses are consistent with other requirements of the MTW Statute and have been proposed in an agency’s Annual MTW Plan and approved by HUD.

MTW agencies have used the flexibility provided in innovative ways to assist their clients. The following are a few examples of the innovative activities MTW agencies have engaged in with their broader use authority:

- Some agencies have expanded housing opportunities and encouraged self sufficiency by shifting the award of a voucher from individual households to service providers, who in turn have the responsibility for creating supportive housing opportunities. The service provider “sponsors” can then offer units to hard-to-house households. The sponsor-based voucher allows them to make use of the subsidy while receiving both services and shelter. The goal is that service providers help to cycle such participants from the street to a more permanent housing situation.
- Other agencies have or plan to increase housing choice by utilizing funds combined under MTW authority to develop housing for low-income persons. This permits agencies to increase their ability to leverage funding opportunities, develop a better housing product and locate assisted housing in lower poverty areas.

The Department seeks to continue to expand the MTW program. The fiscal year 2009 Appropriations Act required the addition of three MTW agencies in fiscal year 2009 and the fiscal year 2010 Appropriations Act allows HUD to add three more.

Public Housing Operating Fund

For a historical view of proration levels see Figure1: *Historical Proration Levels* below.

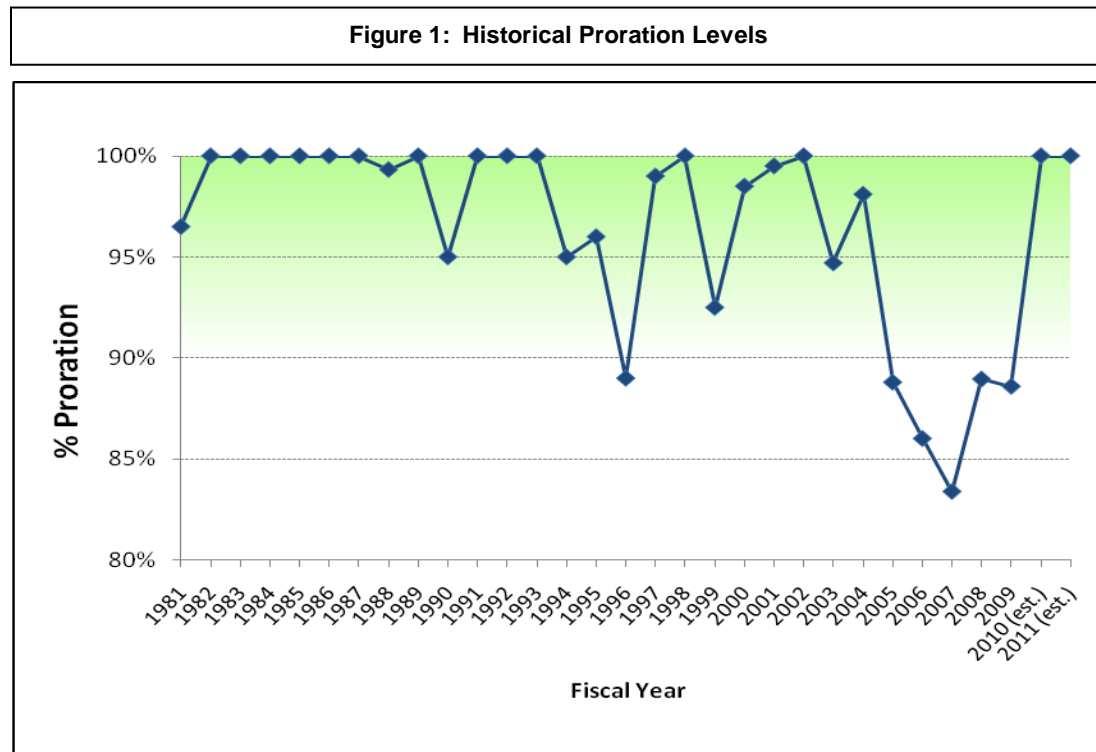
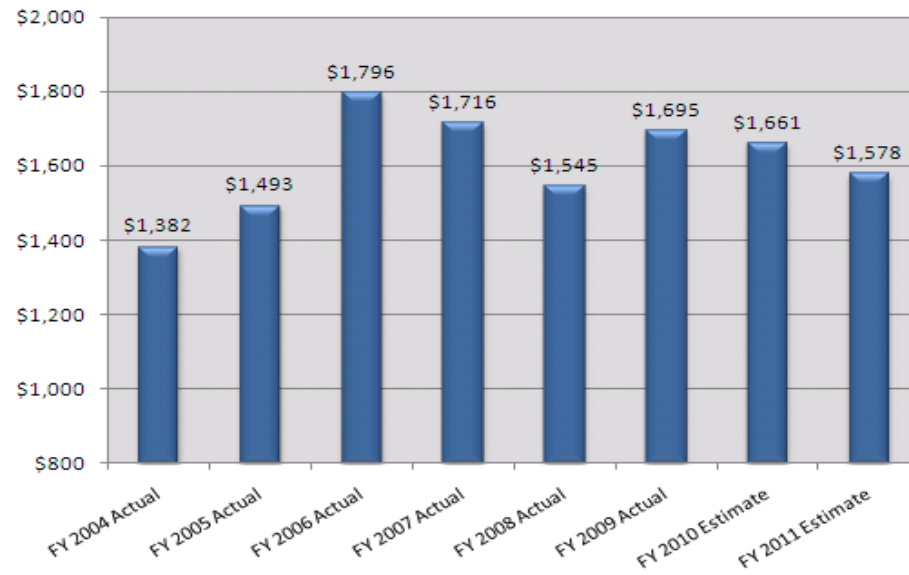


Figure 2: Utility Expense Levels



Public Housing Operating Fund

**PUBLIC AND INDIAN HOUSING
PUBLIC HOUSING OPERATING FUND
Program Offsets
(Dollars in Thousands)**

Transition to Asset Management	<u>Amount</u>
2009 Appropriation	\$5,940
2010 Appropriation/Request .....	...
2011 Request	<u>...</u>
Program Improvements/Offsets .....	...

Proposed Actions

No funding is requested in fiscal year 2011. In fiscal year 2011, both the Department and PHAs will complete the transition to asset management.

**PUBLIC AND INDIAN HOUSING
PUBLIC HOUSING OPERATING FUND
Program Offsets
(Dollars in Thousands)**

Transformation Initiative	<u>Amount</u>
2009 Appropriation .....	...
2010 Appropriation/Request	\$15,000
2011 Request	<u>48,290</u>
Program Improvements/Offsets	+33,290

Proposed Actions

In fiscal year 2011, technical assistance activities will be funded through the Department's Transformation Initiative. The transformation Initiative allows the Secretary the necessary flexibility to undertake an integrated and balanced effort to improve performance and test innovative ideas. HUD requests Congress to authorize an agencywide HUD Transformation Initiative (TI) Fund equal to 1 percent of the agency's total budget to be funded by transfers from program accounts. HUD proposes to use these funds for four complementary purposes: Research, Evaluation and Performance Metrics; Program Demonstrations; Technical Assistance and Capacity Building; and next-generation Information Technology.

Public Housing Operating Fund

Description	ACTUAL	ESTIMATE	ESTIMATE
	<u>2009</u>	<u>2010</u>	<u>2011</u>
		(Dollars in Millions)	
Non Utility Expense Level (PEL)	\$4,637	\$4,751	\$4,876
Utilities	1,695	1,661	1,578
Less: Tenant Income (Formula)	-2,257	-2,660	-2,719
Public Housing Operating Fund Base	4,075	3,752	3,735
MTW Alternative Formula Grant, PHA's not in Base	467	483	498
Public Housing Add-ons			
Elderly/Disabled Coordinators	15	16	16
Resident Participation	25	26	26
Energy-Add On for Loan Amortization	28	29	30
Payments in Lieu of Taxes	98	101	104
Cost of Independent Audit	21	22	23
Asset Management Fee	41	42	42
Information Technology Fee	27	28	28
Asset Repositioning Fee	64	66	68
Mutual Help and Turnkey Units	1	1	1
Estimated Appeals	19	19	19
Transition Funding	149	142	140
Subtotal: Operating Fund Base	5,030	4,727	4,730
Less Rescission	0	0	0
Unfunded Proration	-581	0	0
Total Funded	4,449	4,727	4,730
Set-asides Within the Operating Fund:			
Asset-Based Management Transition Fund	6	0	0
Transformational Initiatives	0	15	0
Federalization (via Recovery Act)			99
Total Budget Year Enacted/Request	4,455	4,742	4,829
Carryover	0	0	0
Total Resources Available	\$4,455	\$4,742	\$4,829
Proration Percentage	88.6%	100%	100%

Public Housing Operating Fund

Special Budgetary Notes and Assumptions

- 1) **Eligible Unit Months.** The Public Housing Operating Fund subsidizes PHAs, principally, on the basis of eligible unit months (EUMs). As indicated in the chart below, EUMs, net of the impact of units “federalized” as a direct result of the Recovery Act, and excluding MTW agencies, are expected to decrease by 1 percent in 2010 and 0.5 percent in 2011. In 2011, there are 214,044 EUMs associated with the newly federalized units through the Recovery Act (17,837 units x 12 months). No change in EUMs is anticipated for MTW agencies.

Unit Months	2009	2010	2011
	Actual	Estimate	Estimate
Eligible Unit Months (Non-MTW)	12,681,168	12,545,701	12,478,644
Eligible Unit Months (MTW)	865,531	865,531	865,531
Federalization	-	-	214,044
Eligible Unit Months (Total)	13,546,699	13,411,232	13,558,219
% Change		-1.0%	+1.11%

- 2) **Inflation Factors.** The Public Housing Operating Fund uses separate inflation factors for non-utility and utility assumptions. The table below shows the inflation factors used for purposes of preparing the Budget Request. An explanation follows.

Year	2009	2010	2011
Non-Utility Inflation Factor	1.035	1.035	1.0314
Utility Inflation Factor	1.0944	1.055	1.0094

- **2009.** Values shown represent the actual inflation factors used to determine 2009 eligibility.
- **2010.** The non-utility inflation factor (1.035) represents the actual inflation factor assigned to PHAs to prepare 2010 subsidy submissions. The utility inflation factor represents an estimate of the inflation factor to be assigned to PHAs to prepare 2010 subsidy submissions. It is based on the rate of change in CPI utility indices, weighted by public housing costs for each utility type (at the time of Budget Request, actual 2010 utility inflation factors had not been published by the Department).
- **2011.** The non-utility inflation factor (1.0314) is based on OMB economic assumptions for both pay/personnel and non-pay costs. The utility inflation factor (1.0094) is based on OMB economic assumptions for different types of utilities and weighted by public housing costs for each utility type.

NOTE: In fiscal year 2011, actual funding to PHAs for utilities will be based on utility costs for the base operating reporting period (July 2009-June 2010) inflated by the weighted average increase in energy prices from the 2010 reporting period (July 2008-June 2009) to the 2011 reporting period, multiplied by 1.5 (or 18 months) to account for the lag between the funding and reporting periods.

3) Add-Ons. Add-ons are other formula expenses not included in the PEL or UEL. Assumptions regarding each add-on are presented below.

- a. Elderly/Disabled Service Coordinators. The estimate reflects actual funding in 2009 for the annual renewal of the public housing elderly and/or disabled service coordinators, inflated by the non-utility inflation factors and adjusted for the unit change.
- b. Resident Participation. The estimate reflects actual funding in 2009 for the Resident Participation add-on (\$25 per occupied unit).
- c. Energy Add-On for Loan Amortization. The estimate reflects actual funding in 2009 for Energy Loans, inflated by the non-utility inflation factors and adjusted for the unit change. This add-on covers the loan principal and interest payments of the energy conservation measures incurred by a PHA in accordance with regulations.
- d. Payments in Lieu of Taxes (PILOT). The estimate reflects the actual funding in 2009 for PILOT, inflated by the non-utility inflation factors and adjusted for the unit change. Beginning in 2007, PILOT costs became an add-on under the Operating Fund Formula.
- e. Cost of Independent Audit. The estimate reflects the actual funding in 2009 for Independent Audits, inflated by the non-utility inflation factors and adjusted for the unit change. PHAs are eligible for funding for the expense of auditing their Operating Fund program in accordance with Generally Accepted Accounting Principles (GAAP).
- f. Asset Management Fee. The estimate reflects the actual funding in 2009 for Asset Management Fee, adjusted for the unit change. PHAs with at least 250 units are eligible to receive a \$4 Per Unit Month (PUM) asset management fee. PHAs with less than 250 units that elect to transition to project-based management are eligible for a \$2 PUM asset management fee.
- g. Asset Repositioning Fee. The estimate reflects the actual funding in 2009 for Asset Repositioning Fee, inflated by the non-utility inflation factors and adjusted for the unit change. PHAs that transition public housing units out of their inventory are eligible for an asset repositioning fee. This fee supplements costs associated with administration and management of demolition or disposition, tenant relocation, and minimum protection and services associated with such efforts.
- h. Information Technology (IT) Fee. The estimate reflects the actual funding in 2009 for IT Fee, adjusted for the unit change. PHAs are eligible for a \$2 PUM funding for costs attributable to information technology. This fee supplements higher information technology expenses associated with the management of public housing.
- i. Transition saving/cost. The estimate is based on approved stop-loss applications to date and the estimated transition funding schedule. These savings and costs result from the transition provision of the new Operating Fund Rule. Beginning in 2007, “gainer” agencies had their higher subsidy levels phased-in over two years; “decliner” agencies had their lower subsidy levels phased-in over 5 years.
- j. Estimated Appeals. The Department estimates appeals of \$19 million.

Public Housing Operating Fund

- 4) **Formula Income.** Amount for 2011 is estimated at \$2.719 billion, or \$219 PUM. This amount is based on actual rental income of \$211 PUM from PHA financial statements for fiscal years ending 6/30/2008 through 3/31/2009, which was then inflated 1.48 percent annually for 33 months (to reflect rental revenue mid-way through 2011) and multiplied by estimated EUMs.
- 5) **Explanation of trends in subsidy eligibility.** Overall subsidy eligibility was \$5.030 billion in 2009 and estimated to be \$4.727 billion in 2010 and \$4.827 billion in 2011. The main reasons for the general decline in subsidy eligibility are as follows:
 - **Elimination of “frozen” Formula Income provision.** In 2010, in accordance with 24 CFR 990, Formula Income was no longer frozen at 2004 rent levels. An additional \$400 million in rental income was realized in 2010 (over 2009) by eliminating the Frozen Formula Income provision.
 - **Inventory reductions.** Exclusive of the 17,837 units to be added to the inventory as a result of the “Federalization” of units under the Recovery Act, the inventory is anticipated to be reduced by 1.0 percent in 2010 and 0.5 percent in 2011 due to demolitions and dispositions.
 - **PHA decreases in utility costs.** PHAs are provided funding for utilities based on a formula that, in large part, reflects both historical consumption and recent rates. Actual PHA utility rates have decreased significantly since their peak in 2006-2008.

PUBLIC AND INDIAN HOUSING
PUBLIC HOUSING OPERATING FUND
Justification of Proposed Changes in Appropriations Language

The fiscal year 2011 President's Budget includes proposed changes in the appropriations language listed and explained below. New language is italicized and underlined, and language proposed for deletion is bracketed.

For [2010]2011 payments to public housing agencies for the operation and management of public housing, as authorized by section 9(e) of the United States Housing Act of 1937 (42 U.S.C. 1437g(e)), [~~\$4,775,000,000~~] *\$4,829,000,000*: [Provided, That, in fiscal year 2009 and all fiscal years hereafter, no amounts under this heading in any appropriations Act may be used for payments to public housing agencies for the costs of operation and management of public housing for any year prior to the current year of such Act: Provided further, That of the amounts made available under this heading, up to \$15,000,000 may be transferred to and merged with the appropriation for "Transformation Initiative"]. (Department of Housing and Urban Development Appropriations Act, 2010)

Explanation of Changes

Technical Assistance will be funded through the Secretary's Transformation Initiative.

Public Housing Operating Fund

**PUBLIC AND INDIAN HOUSING
PUBLIC HOUSING OPERATING FUND
Crosswalk of 2009 Availability
(Dollars In Thousands)**

<u>Budget Activity</u>	<u>2009 Enacted</u>	<u>Supplemental/ Rescission</u>	<u>Approved Reprogrammings</u>	<u>Transfers</u>	<u>Carryover</u>	<u>Total 2009 Resources</u>
Operating Subsidy	\$4,449,060	...	...	...	...	\$4,449,060
Transformation Initiative .....	...	...	...	...	...	...
Transition to Asset Management	<u>5,940</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>...</u>	<u>5,940</u>
Total	4,455,000	...	...	...	...	4,455,000

Public Housing Operating Fund

**PUBLIC AND INDIAN HOUSING
PUBLIC HOUSING OPERATING FUND
Crosswalk of 2010 Availability
(Dollars In Thousands)**

<u>Budget Activity</u>	2010 President's Budget Request	Congressional Appropriations Action on 2010 Request	2010 Supplemental/ Rescission	Reprogrammings	Carryover	Total 2010 Resources
Operating Subsidy	\$4,600,000	\$4,760,000	...	...	...	\$4,760,000
Transformation Initiative .....	...	15,000	...	...	...	15,000
Transition to Asset Management ....	...	...	...	...	...	...
Total	4,600,000	4,775,000	...	...	...	4,775,000